

Rating Rationale

Brickwork Ratings assigns 'BWR BB+' (Pronounced BWR Double B Plus) for long-term Bank Credit Facilities of ₹ 11.21 Crores of Anadi Rice Mills Pvt. Ltd. (ARMPL)

Brickwork Ratings (BWR) has assigned the Rating¹ BWR BB+ (Pronounced BWR Double B Plus) for long-term Bank credit facilities of ₹ 11.21 Crores of Anadi Rice Mills Pvt Ltd (ARMPL).

Facility	Limits (₹ Cr)	Tenure	Rating
Fund Based - Cash Credit	8.25	Long Term	BWR BB+ (Pronounced BWR Double B Plus) (Outlook-Stable)
Stand by Letter of Credit	1.20		
Term Loan (run down balance)	1.76		

BWR has principally relied upon the audited financial results up to FY12, projected financials of FY13 and FY14, publicly available information and information/clarification provided by the Company.

Background

Anadi Rice Mills Pvt Ltd was established as a proprietorship firm in the year 2005 with an installed capacity of 18000 MT of rice per annum. The firm was converted into a Pvt Ltd Company in the year 2009 and increased its capacity to 60000 MT per annum. The company is engaged in milling & processing of rice. In 2011, the Company opened an Atta Chakki unit, to supply fortified Atta under the Govt. PDS system and the production of the Atta started from May, 2012.

Management Profile

The Company was promoted by Mr. Shankar Prasad Dudhwewala who was joined by Mrs. Manjari Dudhwewala & Mr. Anadi Dudhwewala for management of day to day

¹ Please refer to BWR website www.brickworkratings.com for definition of the ratings assigned

affairs of the Company. Mr Shankar Prasad Dudhwewala has been a Consultant to West Bengal Government on Textiles. He was also a Consultant to various Textile giant like Keshoram, Jayashree etc. and is also engaged in providing services to various Govt. Agencies on Food Storage System & also on Prestressed Concrete Technology

Business Operations

ARMPL was initially focussed on supplying the entire production to Govt. departments like FCI, WBECSC, GFD, CONFED, BENFED and NCCF of India. Gradually the Company started to gain reputation in the local market, especially in the regions of Kharagpur, Gopi, Gusasimul, Binpur, Rajarampur, Manikpara & adjacent localities & started its own brand “Sun Brand”. With these the Company diversified its own market and currently supplies around 55% of finished goods to Government bodies and remaining 45% to traders in West Bengal. The Company also started its own R&D activities in the field of genetically modified rice. ARMPL has packaging facility in 2Kg, 5Kg, 10 Kg, in 25 Kg and 50 Kgs paving its path in the retail high end market. The Company opened its first retail outlet in Midnapore in 1998. The Company has availed Bank Loan facilities of Rs 11.21 Crores from State Bank of India, Kolkata.

Financial Performance

ACPL reported a profit after Tax (PAT) of ₹ Rs.0.32 Crs on an income of Rs.37.40 Crs in FY 12 (audited) compared to PAT of Rs. 0.66 Crs on the income Rs. 32.27 Crs in FY11. In FY 12, the Company reported a NPM of 0.85% compared to NPM of 2.05% in FY 11. The NPM of the Company was mainly affected in FY 12 due to increased depreciation charges and higher interest outgo on Bank borrowings. In FY 13, the Company expects to achieve nearly 29% increase in the turnover and has estimated a sale of Rs.48.25 Crs of which the Company has already achieved a sale of Rs. 28.26 Crs as on 30.09.2012 and has an outstanding order book of Rs. 32.12 with a delivery schedule of 30.12.2012. The Company reported a Tangible Net worth of Rs.5.81 Crs in FY 12, and has estimated an increase in the equity capital by Rs. 6.15 Crs - Share Application by Rs. 0.53 Crs, Share Premium by Rs. 3.34 Crs and Unsecured Loan by Rs. 2.07 Crs in FY 13, with a Tangible Net worth of Rs. 10.41 Crs

in FY 13. The Company maintained its operating profit margin at around 5% (avg.) level till FY 12 with average net profit margins of 1.30%.

Key Financials (₹ Cr)	FY10 (A)	FY11 (A)	FY12 (A)	FY13 (E.)	FY 14 (P.)
Gross Sales	8.76	32.37	37.40	48.25	58.75
Less: Excise Duty	-	-	-	-	-
Other Operating Income	-	-	0.01	-	-
Total Operating Income	8.76	32.37	37.41	48.25	58.75
Cost of Sales	8.23	30.23	34.35	43.47	52.60
Operating Profit before Interest, Depreciation and Tax	0.39	1.68	2.78	3.98	5.25
PAT	0.11	0.66	0.32	2.32	3.69
Tangible Net worth	1.70	5.34	5.81	10.41	14.10
Net Profit Margin	1.22	2.05	0.85	4.80	6.29
Current Ratio	1.30	1.41	1.57	1.58	1.84

Rating Outlook

The rating has factored, inter alia, the promoters experience in the rice industry, the team of professionally qualified and experienced individuals, liaison of the Promoters with various Government Departments, Relationship with Govt. departments like FCI, WBECSC, GFD, CONFED, BENFED & NCCF of India and Strong order book. The rating is constrained by the scale of operation, average profitability margins, limitations in quality control & testing methods as per international standards. The ability of the Company to meet its sales, profitability and other financial projections for FY13 and the government's policy pertaining to highly competitive rice industry in general are the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

Disclaimer: Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.